

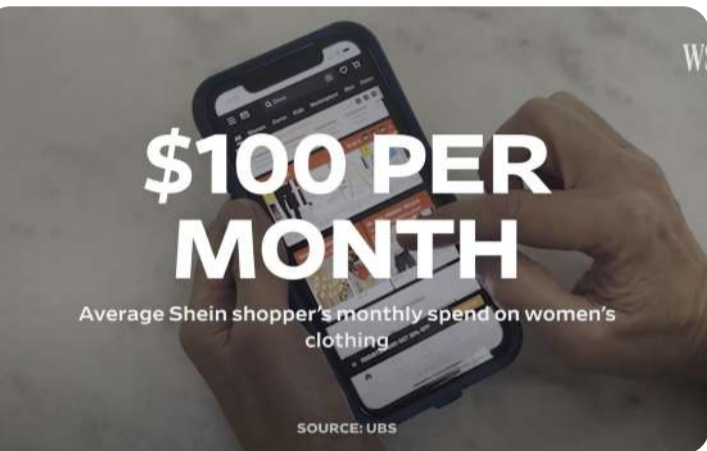
C1+

90 min

The Economics of SHEIN

twee

Tweak your lessons with the power of AI



Skills:

- Can understand in detail the arguments presented in demanding television broadcasts.
- Can produce clear, smoothly flowing, well-structured discourse with an effective logical structure.

Adults

Group

Flipped Classroom

Business English

At home

1 Read this text and answer the questions below. Be ready to share your opinion in class.

Over the past few years, one Chinese company has thrived in the online fast fashion industry, reaching a valuation of \$66 billion in 2023 and controlling 40% of the U.S. market. It's Shein.

Shein is known for \$2 t-shirts and \$7 pants, with prices even lower than its competitors. Shein made its U.S. debut in 2015, and the brand's sales exploded during the pandemic, growing sixfold in two years. The company generated an estimated \$23 billion in revenue in 2022, and it's filed to go public in the U.S.

Shein takes fast fashion to a different level, and they're on top of every micro trend. But there's a larger story behind Shein's low prices. A congressional report found that Shein uses a tax exemption to cut costs, and the company released a report that cited cases of involuntary labor in its supply chain. This is the economics of Shein.

- 1 Have you ever ordered from Shein?
- 2 What do you think allows Shein and other similar websites to keep prices so low?
- 3 How important is it for you to know the behind-the-scenes processes of the brands you support, especially in the context of fast fashion?

2 Match these words and phrases with their definitions.

a small batch model

inventory turnover rate

de minimis tax rule

valuation

involuntary labour

transparent

tax exemption

to procure the supplies

to grow sixfold

to wane

audits

congressional report

to file to go public

to wax

inventory wastage

- _____ a. clear, open, and easily understood; characterized by honesty and openness.
- _____ b. losses incurred due to excess, obsolete, or damaged inventory that cannot be sold or used.
- _____ c. to increase gradually in size, intensity, or power.
- _____ d. an official document prepared by a committee or member of Congress detailing findings or recommendations on a particular issue.
- _____ e. a production approach focused on creating limited quantities of products at a time.

- _____ f. a regulation that sets a minimum threshold below which certain items are considered too minor to be taxed or regulated.
- _____ g. the process of submitting documents to make a company's shares available for purchase on the stock market.
- _____ h. to increase in size or quantity by a factor of six.
- _____ i. work performed under duress or coercion without the individual's consent.
- _____ j. the process of determining the monetary worth or value of an asset, business, or investment.
- _____ k. to obtain necessary materials or resources through purchasing or acquisition.
- _____ l. a provision that allows certain individuals or organizations to be excluded from paying taxes on specific income, goods, or services.
- _____ m. to develop detailed specifications outlining the requirements for a project or product.
- _____ n. systematic examinations or reviews conducted to assess financial records, processes, or compliance with regulations.
- _____ o. to decrease gradually in size, intensity, or importance.
- _____ p. a measure of how quickly a company sells and replaces its inventory within a given period.

In class

1 Watch part 1 (1:00 - 2:24) of this [video](#) about Shein and answer the questions:

1. How does Shein determine which designs to produce more?
2. What is the difference between Shein's production model and traditional retail in terms of order quantities and timing?
3. How does Shein's inventory turnover rate compare to its competitors like H&M and Zara?
4. Why does Shein use a small batch model for production?



2 Watch part 2 (2:24 - 4:24) of this [video](#) and fill in the gaps:

Shein, a popular online retailer, works with numerous smaller manufacturers to offer _____(1) to consumers.

The company uses a system where designers create a product, prepare _____(2), and then identify a contract manufacturer to produce the item.

Shein's ordering platform can automatically place new orders based on the _____(3) in real-time.

By ordering in smaller batches, Shein aims to reduce the risk of excess unsold inventory, saving up to _____(4).

Critics argue that Shein's low prices may lead to increased consumption and potentially higher overall _____(5).

Despite concerns, a 2023 UBS report revealed that Shein shoppers in the U.S. spend significantly more on clothing compared to the _____(6).

The brand's ability to maintain low prices is a subject of scrutiny regarding its impact on _____(7) and waste levels.

3

Watch part 3 (4:24 – 6:45) of this [video](#). Read the comments below and discuss in pairs whether you agree with them or not, and why.

3.3k
I'm totally against supporting Shein after learning about these labor abuse allegations. It's outrageous how they can exploit workers like that just to keep their prices low. I bought a dress from Shein last year thinking I was getting a good deal, but now I feel guilty knowing it might have come from unethical practices.
JackoJay 1 hour ago

3.5k
I see both sides of the argument, to be honest. On one hand, Shein does offer really trendy clothes at affordable prices, which is great for people on a budget. But on the other hand, if it's at the cost of mistreating workers, then that's a major problem. I remember when my sister raved about the deals she got on Shein, but now we're both reconsidering our support.
Virginia12 3 hours ago

10.2k
I love shopping at Shein for its variety and fast fashion options, but the thought of supporting a brand that might be involved in labor abuses makes me hesitate. Last summer, I ordered a swimsuit from Shein for a beach trip, and everyone complimented me on it. Well... I think I'll continue shopping there.
Heartless_H 12 hours ago

4

Rewrite this text in more advanced language. Use each phrase at least once:

de minimis tax rule

tax exemption

transparent

involuntary labour

audits

In 2022, Shein told us about its supplier checks. They found some times when workers were forced to work. But they didn't say how many times or where this happened. The government is looking into Shein's work and if they use cotton from China's Xinjiang area. The U.S. says that Chinese leaders make Muslim Uyghurs work when they don't want to. Beijing says this is not true. Some U.S. lawmakers want Shein to tell them more about their supply chain. In a note to *WSJ*, Shein said they don't allow forced labor, they don't have contract makers in Xinjiang, and they don't get cotton from China. Shein also keeps prices low by using a U.S. tax rule. This rule lets them send low-priced packages to America without paying taxes. If one person gets a package worth less than \$800, they don't have to pay taxes. The U.S. House of Representatives says that 30% of all packages sent to America like this come from Shein and Timu. Every day, they send millions of packages. Shein said they want to change this tax rule.

5

In groups, brainstorm and create a list of ethical considerations that should be taken into account when evaluating a company's business practices. Share with the class. Discuss the importance of these factors in relation to Shein's operations.

Correct answers

At home

1

Created in “Warm-Up Discussion Questions before Listening” tool.

2

Created in “Word-Definition Matching” tool.

- | | |
|-------------------------|----------------------------|
| a. transparent | i. involuntary labor |
| b. inventory wastage | j. valuation |
| c. to wax | k. to procure the supplies |
| d. congressional report | l. tax exemption |
| e. a small batch model | m. to prepare a spec |
| f. de minimis tax rule | n. audits |
| g. to file to go public | o. to wane |
| h. to grow sixfold | p. inventory turnover rate |

In class

1

Created in “Audio & Video Question Creator” tool.

1. Shein creates new designs based on customer engagement activities like hovering over, clicking, or adding items to the cart.
2. Shein initially produces 100 to 200 units of each new product, unlike traditional retail where orders are placed in larger quantities months in advance.
3. Shein has an inventory turnover rate of 40 days, making it twice as fast as competitors like H&M and Zara.
4. Shein uses a small batch model to control costs and reduce inventory wastage.

2

Created in “Audio & Video Summary GapFill” tool.

Possible answers:

1. lower prices
2. specifications
3. popularity of designs
4. 30-40% in costs
5. waste levels
6. average consumer
7. consumer behavior

3

Created in “Four Opinions” tool.

4

Created in “Simplify and Upgrade” tool (a part of the transcript has been simplified).

5

Created in “Lead-in Activities for a Text” tool.